

JungleScout

# Amazon Advertising Report | 2022

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## Chapter 1

# The Rise and Size of Amazon Advertising

The rapid growth of Amazon's digital advertising business has increasingly captured industry attention, and it's not difficult to see why. In February 2022, Amazon reported standalone revenue from advertising services for the first time. Reaching \$31.2 billion in sales for full-year 2021, the business segment became the third-largest in the world after Google and Facebook.

Complementing this growth, Amazon has continued to expand the capabilities — and roll out entirely new forms — of its advertising products while attracting an increasing number of brands, agencies and third-party sellers to its platform.

### 2021 Advertising revenue by company



<sup>1</sup>Alphabet 2021 Form 10-K, <sup>2</sup>Meta 2021 Form 10-K, <sup>3</sup>Amazon 2021 Form 10-K, <sup>4</sup>Walmart Q4 Fiscal Year 2022 [earnings release](#), <sup>5</sup>eBay 2021 Form 10-K

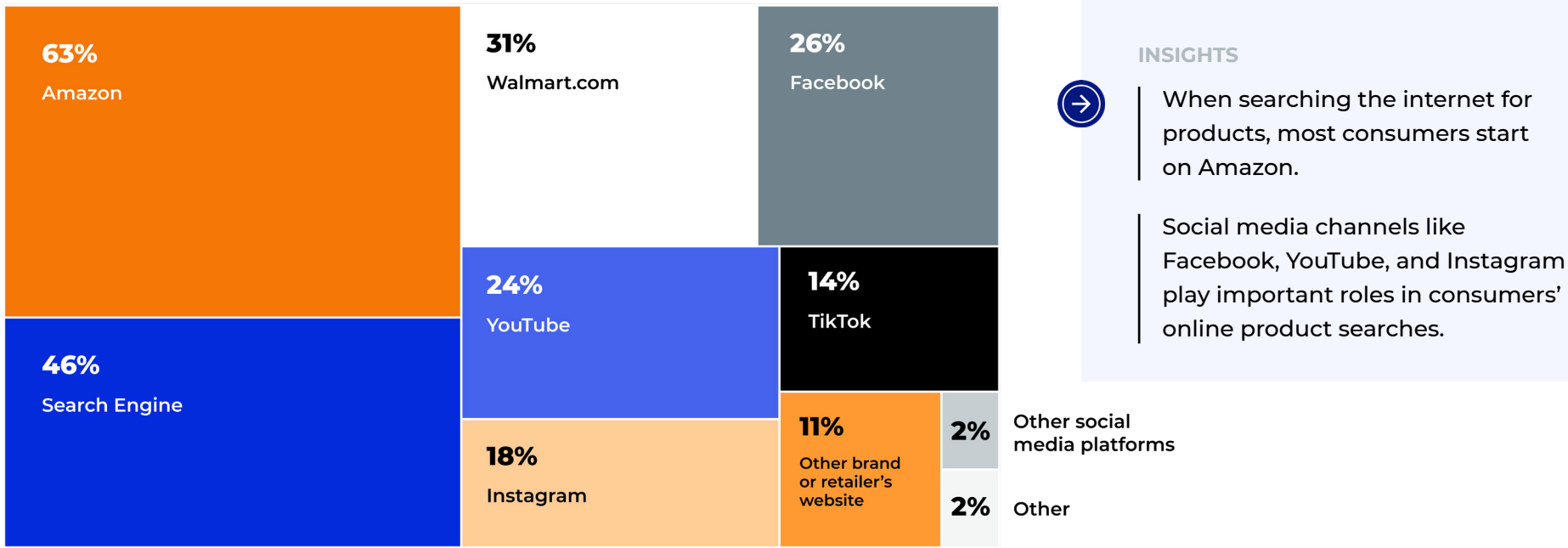
# The Importance of Advertising on Amazon

While consumers have increasingly warmed to ecommerce over the past decade, the move to online shopping accelerated rapidly at the onset of the COVID-19 pandemic in 2020 and showed continued growth over the past two years. And while spending trends began to shift in the first few months of the year alongside rising concerns about inflation and broader economic conditions, consumers still overwhelmingly turn to Amazon for online shopping; the company reported year-over-year net sales growth of 7% for the first quarter of 2022.<sup>1</sup>

## Consumers start their online shopping searches on Amazon

When shopping online, the majority of consumers (63%) start their search on Amazon. While that figure is slightly lower compared to a year prior (74%) as other ecommerce platforms work to expand their footprints, Amazon's power is still evident compared to other options such as Google and other search engines, other ecommerce platforms, and social media.

### Where do consumers begin their search when shopping online?



<sup>1</sup>Amazon [first-quarter 2022 earnings release](#)



## Key differentiators: Shopper targeting and detailed sales attribution

Beyond the company's broad reach and market dominance, Amazon's advertising services provide brands and sellers with unique benefits that set it apart from competitors. The ability to report direct sales attribution — a metric that gives more detailed insight than the overall impressions and clicks offered by platforms such as Google or Facebook — continues to appeal to online marketers. Among the most significant reasons the company continues to attract marketers are:



**Audience of ready-to-buy shoppers:** Amazon occupies a unique position at the end of the marketing funnel. Advertisers using Amazon have the ability to reach customers at the point of purchase.

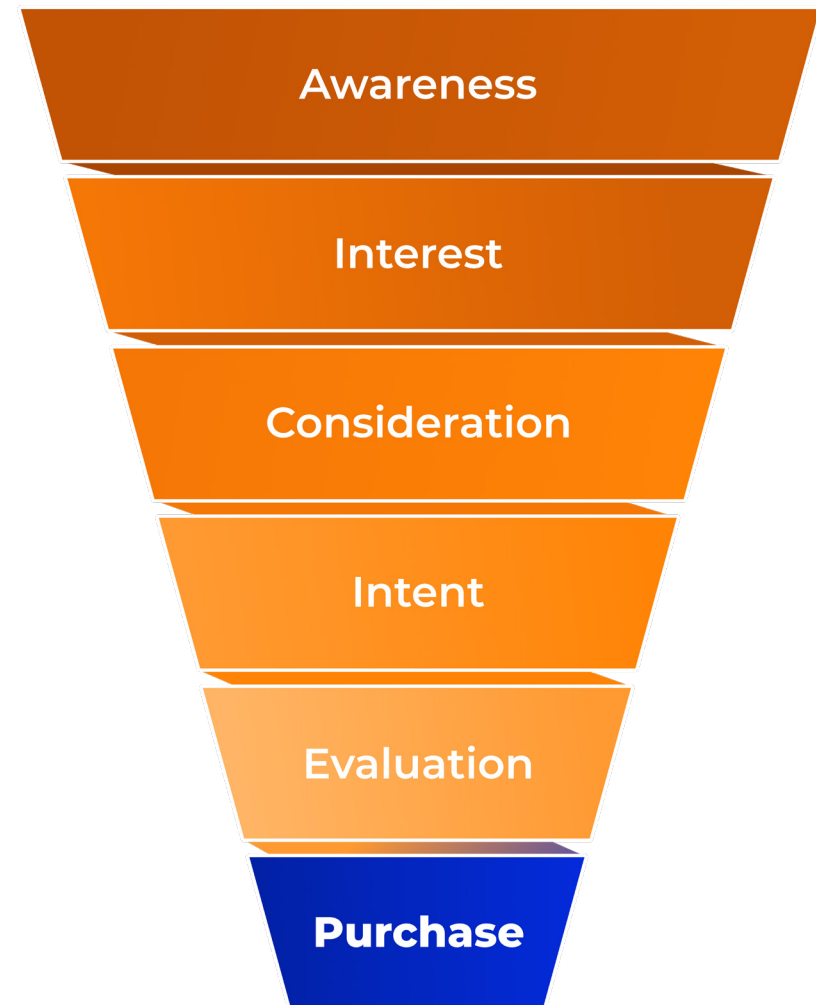


**Right product, right person:** It's not just about timing, it's about showing the right products to the right people. Amazon's wealth of shopper data allows brands and marketers to expand their reach across channels (display, audio, and over-the-top video) with contextually appropriate ads.



**Measuring performance:** Amazon's attribution is a key differentiator between search marketing on Amazon versus all other search marketing platforms. Attribution tells advertisers which specific ads are driving sales. It's also a key piece of the formula to determine return on ad spend (RoAS), or how much revenue is produced from an advertising investment.

Marketing Funnel



# How Big is Amazon’s Advertising Business?

After recording double-digit quarter-over-quarter growth in advertising sales for six consecutive quarters, Amazon began reporting standalone revenue related to its advertising services business segment for the first time in February 2022. In 2021, the segment generated \$31.2 billion in revenue, up from \$19.8 billion in 2020 (a 58% increase) and \$12.6 billion in 2019 (a 147% increase). With sustained growth, Amazon’s advertising business is increasingly being viewed as more of a competitor to those of tech giants Google and Facebook than to those of its ecommerce competitors.

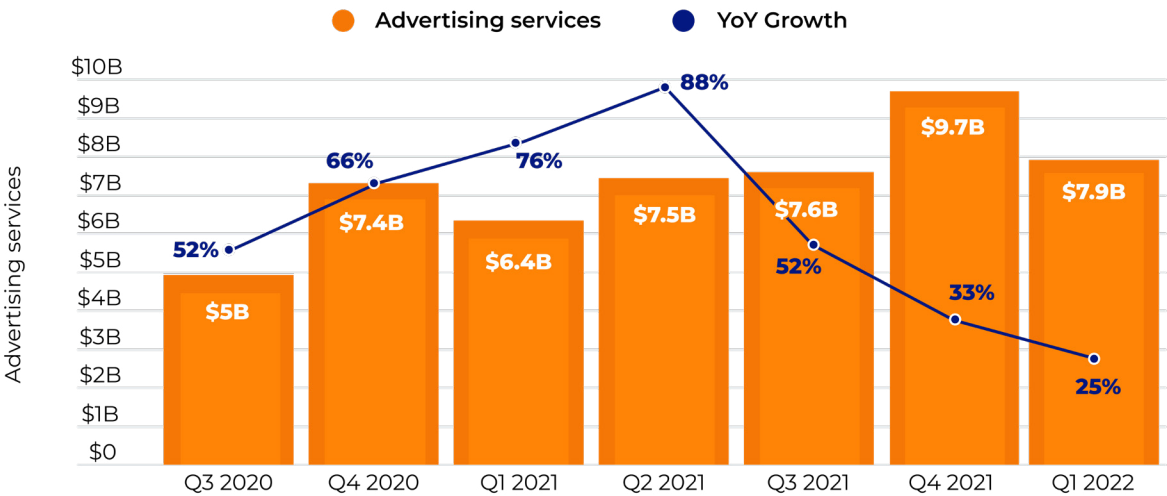
## Annual advertising services\* revenue



### INSIGHTS

Revenue from Amazon's advertising services business segment represented **6.6%** of Amazon's total net sales in 2021, **up from 4.5%** in 2019

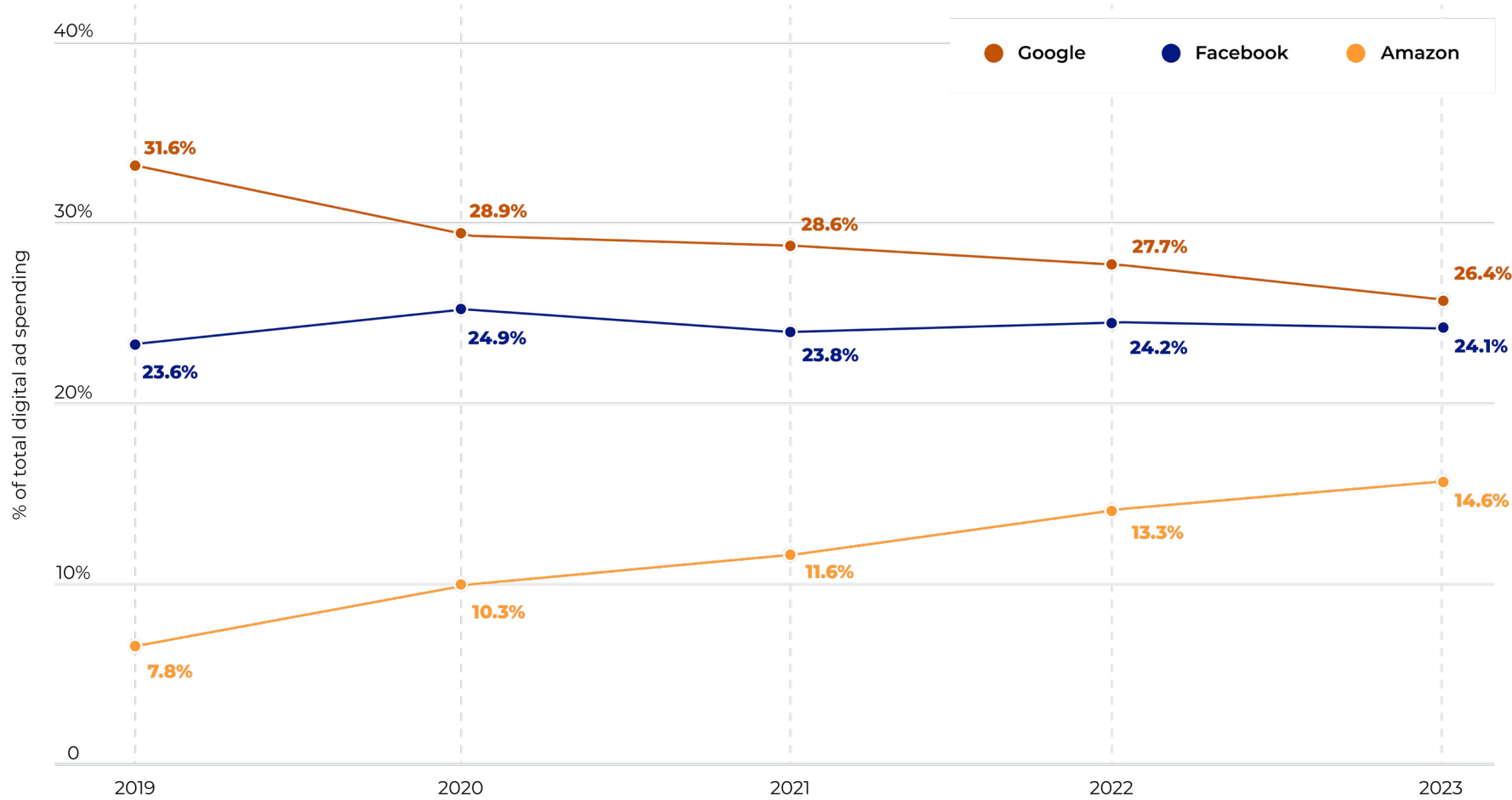
## Quarterly advertising services revenue



Source: Amazon Q4'21 and Q1'22 [earnings reports](#)

\*Includes sales of advertising services to sellers, vendors, publishers, authors, and others, through programs such as sponsored ads, display, and video advertising.

Historical and projected U.S. digital ad revenue share by company\*



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; Google includes YouTube advertising revenues; Facebook includes Instagram advertising revenues

\*Data and projections via [eMarketer](#)

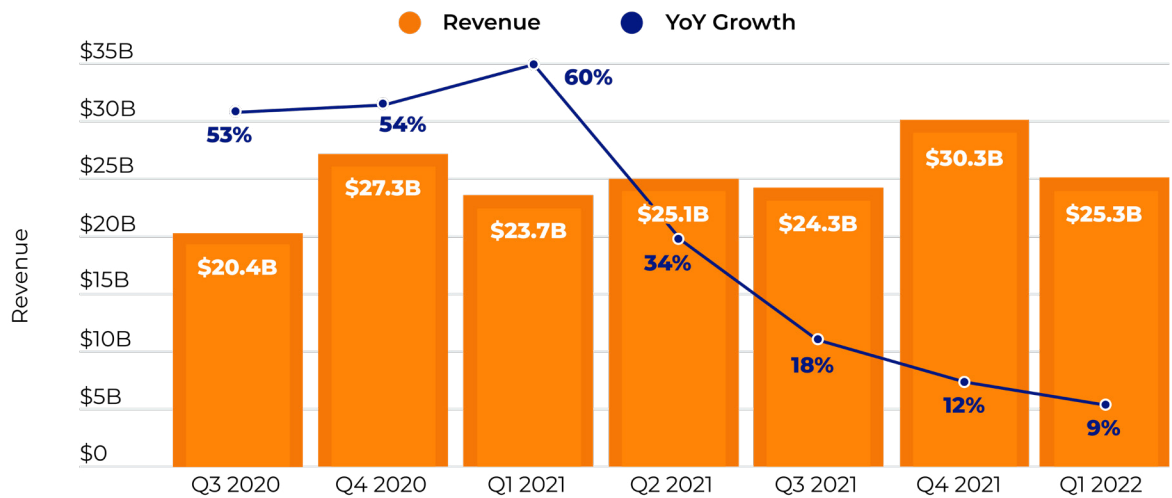
## Third-party seller growth on Amazon

Notably, the rapid increase in revenue growth from Amazon’s advertising business has been partially attributed to a corresponding rise in the number of third-party sellers using its ecommerce platform. Following a significant surge in 2020 as the COVID-19 pandemic took hold, Amazon continues to report double-digit quarter-over-quarter growth in revenues related to third-party seller services.

### Annual revenue from third-party seller services\*



### Quarterly revenue from third-party seller services



Source: Amazon Q4'21 and Q1'22 [earnings reports](#)

\*Includes commissions and any related fulfillment and shipping fees, and other third-party seller services.

### INSIGHTS



Amazon revenues from third-party seller services rose **92%** between 2019 and 2021.



*“We continue to invest a lot to [...] help [third-party] sellers be successful on our site. They are big consumers of advertising as well, because they use it to build their brands and enable customers to see their selection and make purchases. So, we’re very, very happy with the third-party seller services business, and again, looking for ways to help sellers be successful.”*

— Amazon Senior Vice President and CFO Brian Olsavsky, speaking on the company’s fourth-quarter 2021 earnings call

# Advertising Product Usage Among Brands and Sellers

In a recent [Jungle Scout study](#) of over 3,500 Amazon sellers of all types and sizes, almost all (97%) said they use some type of [Amazon pay-per-click \(PPC\) advertising](#) for their businesses.

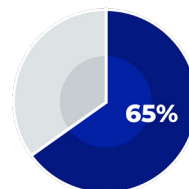
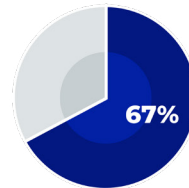
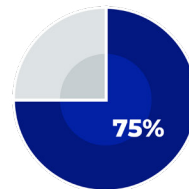


## Types of sellers

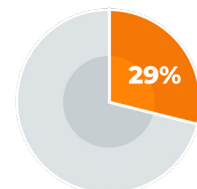
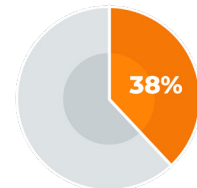
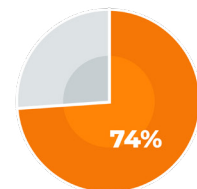
- **First-party seller (1P):** Sells to Amazon as a vendor and uses Vendor Central
- **Third-party seller (3P):** Sells on Amazon's platform and uses Seller Central
- **Agency:** Works with sellers as a consultant or partner managing their Amazon businesses

## PPC ad usage

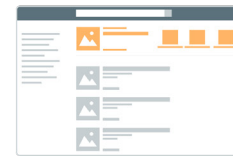
% of 1P Sellers/Agencies Using Amazon PPC Advertising



% of 3P sellers Using Amazon PPC Advertising



Sponsored Products



Sponsored Brands

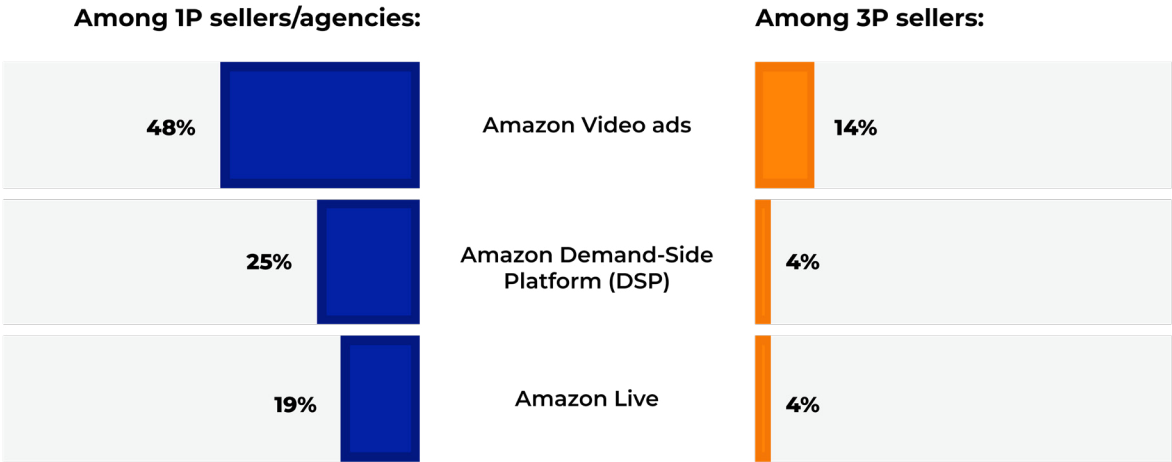


Sponsored Display

## Other Amazon advertising and marketing tools

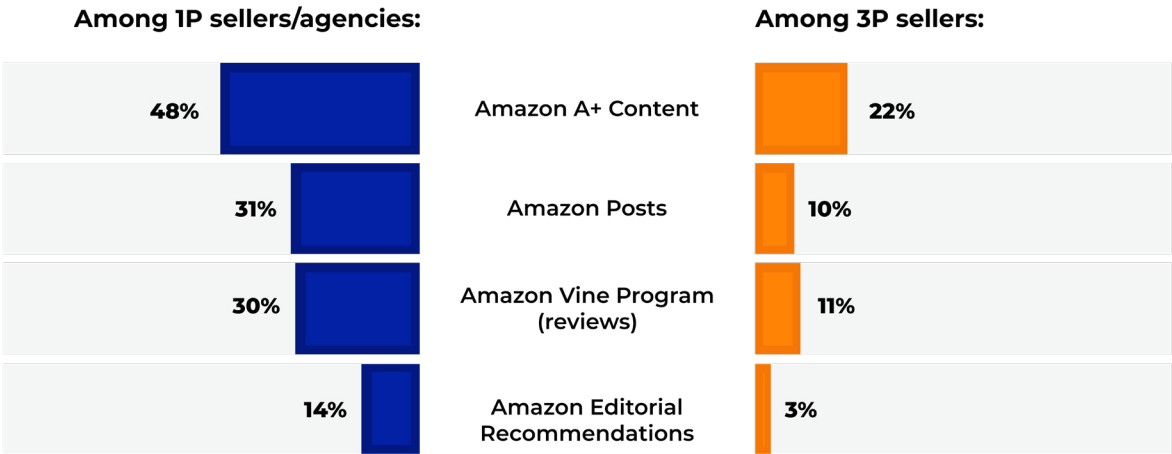
Comparative usage between 1P sellers or agencies and 3P sellers diverges further among newer Amazon advertising types and marketing tools, some of which are only available to 1P sellers and brand-registered third-party sellers.

### Ad type usage by type



In addition to paid ads, sellers also utilize Amazon marketing tools such as [Amazon A+ Content](#), available at no additional cost to 1P sellers and brand-registered third-party sellers over the past year.

### Marketing tool usage by type



\*Survey respondents could select multiple responses; as such, percentages in the above sections do not total 100%

With the number of brands, agencies, and third-party sellers turning to Amazon's advertising services on the rise, so, too, are advertising strategy options. Newer ad products such as Amazon's demand-side platform (DSP) and Sponsored Display audiences campaigns provide new and innovative ways of reaching potential customers but also add layers of complexity for sellers seeking to optimize their approach to advertising. According to Jungle Scout's [2022 State of the Amazon Seller Report](#):

**59%**

**of Amazon sellers say increasing ad costs are a major concern for them**

**46%**

**find it challenging to manage their advertising strategy and budget**

**32%**

**plan to spend more money on advertising this year**



***“Advertising on any ecommerce platform brings with it a host of unique complexities because there are so many more dynamics that impact the efficacy of your advertising. There’s pricing, profitability, ratings, third-party sellers, first-party vendors, inventory constraints, supply chain issues, etc. It’s significantly more than you’d ever have to consider on platforms such as Google and Facebook. So having a single platform where you can view all that data through a single pane of glass and the systems to make more intelligent decisions based on that data is really necessary at this stage.”***

**— Connor Folley, General Manager and Co-founder, Downstream by Jungle Scout**

## Consumers' Advertising Awareness and Preferences

How recognizable — or useful — do consumers find advertisements when shopping on Amazon? When asked to review examples of different Amazon advertisements, respondents to Jungle Scout's first-quarter 2022 survey of 1,000 U.S. consumers reported finding Sponsored Product ads more appealing than all other ad types. The percentage of consumers that viewed each of the following types of advertisements favorably are as follows:

### Most appealing Amazon ad types\*

1. Sponsored Products ads in search result
2. Sponsored Products ads recommended on product listing page
3. Sponsored Display ads
4. Sponsored Brands video
5. Sponsored Brands ads

\*According to respondents to Jungle Scout's Q1 2022 consumer trends survey

#### Sponsored Products ads in search result: 79%

**RESULTS**

**Amazon's Choice**

**Sponsored** ©  
Nespresso VertuoPlus Coffee and Espresso Maker by De'Longhi, Matte Black  
★★★★☆ ~ 11,271  
\$159.99 \$149.99  
50% off gift wrap service: code GIFTWRAP50

**Sponsored** ©  
Nespresso BNIV450IBL VertuoPlus Espresso Machine with Aeroccino by Breville, Ink Black  
★★★★☆ ~ 2,411  
\$209.95  
or reserve with Layaway for \$41.99  
50% off gift wrap service: code GIFTWRAP50

**Sponsored** ©  
Nespresso BNIV450TTN VertuoPlus Deluxe Espresso Machine with Aeroccino by Breville, Titan  
★★★★☆ ~ 2,527  
\$239.95  
Get it as soon as Wed, Apr 27  
FREE Shipping by Amazon

#### Sponsored Products ads recommended on product listing page: 72%

**Products related to this item**

**Sponsored** ©

**Sponsored** ©  
Nespresso BNIV450IBL VertuoPlus Espresso Machine with Aeroccino by Breville, Ink Black  
★★★★☆ ~ 2,411  
\$209.95 ✓prime

**Sponsored** ©  
Mini Espresso Machine Cappuccino Machine  
★★★★☆ ~ 16  
\$109.99 ✓prime

**Sponsored** ©  
Nespresso BNIV450TTN VertuoPlus Deluxe Espresso Machine with Aeroccino by Breville, Titan  
★★★★☆ ~ 2,527  
\$239.95 ✓prime

**Sponsored** ©  
Bestpresso Coffee for Nespresso Original Machine 120 pods Certified Genuine...  
★★★★☆ ~ 4,441  
\$39.99 (\$0.33/Count) ✓prime

#### Sponsored Display ads: 46%

**Buy this product as Renewed and save \$30.00 off the current New price.**

**Sponsored** ©  
Ninja CFP301 DualBrew Pro Specialty 12-Cup Drip Ma...  
\$159.99  
★★★★☆ (2)  
Works and looks like new and backed by the Amazon Renewed Guarantee

**Have one to sell? Sell on Amazon**

**Sponsored** ©  
Nespresso Vertuo Coffee and Espresso Maker by De'Longhi, Piano Black with Aeroccino Milk Frother  
★★★★☆ ~ 10,338  
\$241.04 ✓prime

**Sponsored** ©  
Breville BNIV220CRO Vertuo Coffee and Espresso Machine...  
★★★★☆ ~ 10,365  
\$209.95 ✓prime

#### Sponsored Brands video: 44%

**ONE TASTE AND YOU'LL DISCOVER.**

**NESPRESSO. VERTUO NEXT**

**Sponsored** ©  
Nespresso BNIV520GRY Vertuo Next Espresso Machine by Breville...  
★★★★☆ ~ 2,330  
\$119.01 \$136.00  
50% off gift wrap service: code GIFTWRAP50  
Get it as soon as Tomorrow, Apr 29  
FREE Shipping by Amazon  
Shop the Breville Store on Amazon >

#### Sponsored Brands ads: 41%

**Give Mom a break, at the press of a button.**  
Shop the Nespresso Store on Amazon >

**Sponsored** ©

**Showing results for nespresso coffee machine**  
Search instead for nespresso coffee machine

**RESULTS**

**Amazon's Choice**

**Best Seller**

**Sponsored** ©



## Chapter 2

# Amazon Advertising Spend

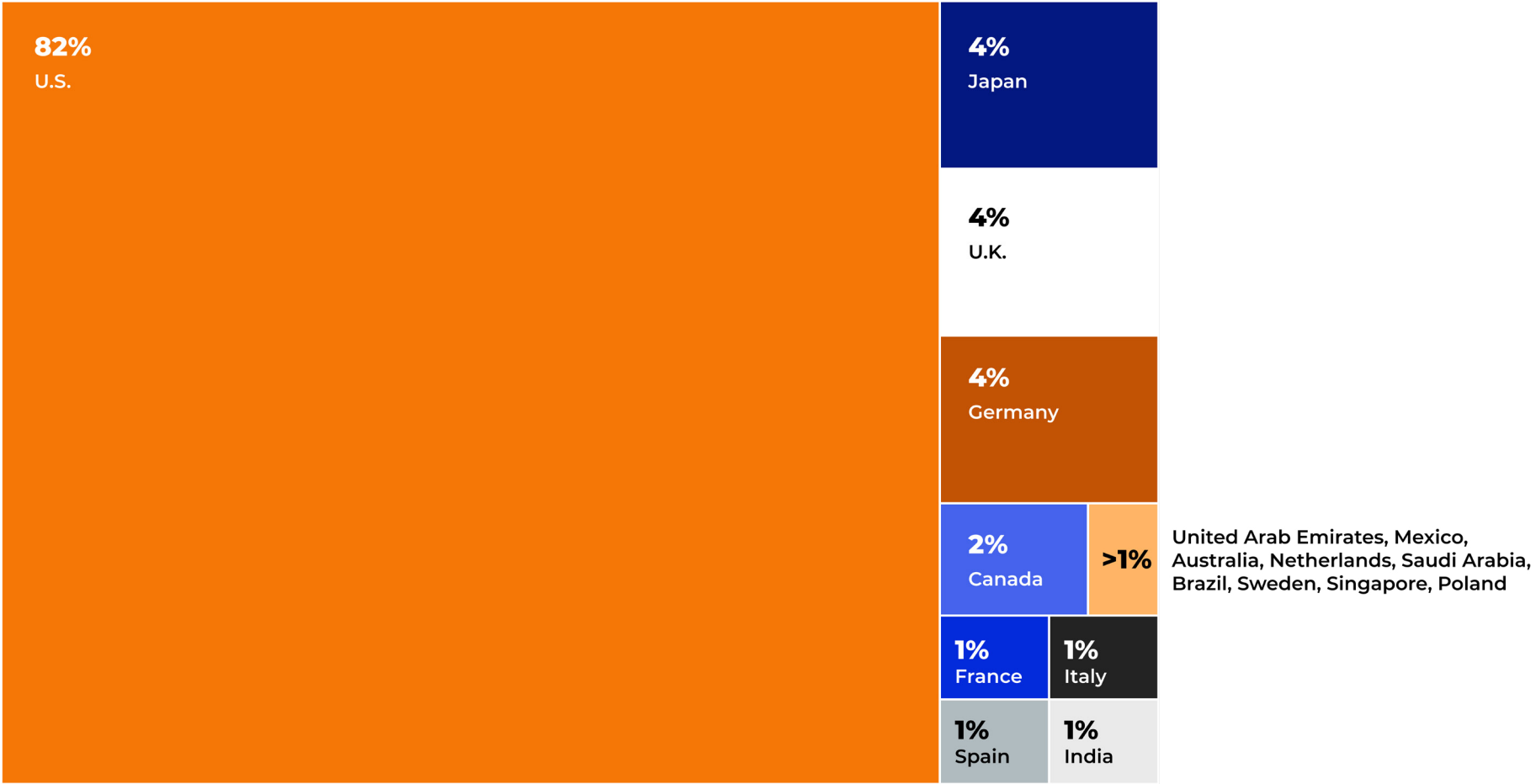
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A deeper look into advertising spending on Amazon reveals key insights and trends that help explain how brands, agencies and third-party sellers are using the platform to market their products. Based on Jungle Scout's ecommerce data, this chapter breaks down advertising spending by marketplace, ad product, ad targeting type, and product price.

# Spend by Marketplace

Among the 18 marketplaces measured in Jungle Scout's ecommerce database, U.S. spending far outweighs that of any other country.

Marketplace spending on Amazon advertising by % of total



## Spend by Ad Product

The majority of Amazon advertising spending is allocated to Sponsored Products ads, which allow brands to manually or automatically target keywords relevant to their audiences. With this option, advertisers only pay for the ad when a shopper clicks on it, allowing better control over their budget. This may mean that it's up to brands and sellers to produce more relevant ad campaigns, optimized product listings, and quality products in order to convert a sale.

These ads can be used for a wide variety of goals such as increasing visibility, gaining awareness, promoting seasonal items, clearing excess inventory, or showcasing a high-performing item.

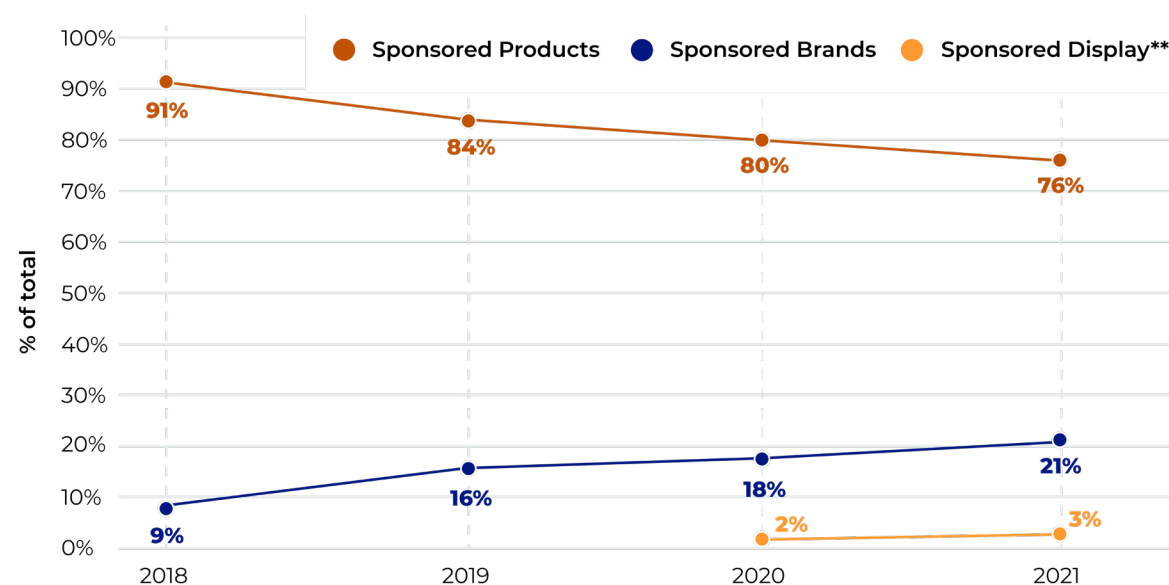
For a detailed definition of the ad products mentioned in this section, refer to the digital advertising glossary ([Chapter 7](#))

### INSIGHTS



Data from January and February 2022 show **Sponsored Display** ads with an **increased share (4%) of advertising dollars** as the share of **Sponsored Brands** ads **declined to 18%**.

### Trending share of ad spend by Amazon ad product 2018-2021\*



\*Partial year 2018 data (March-December)

\*\*Sponsored Display ads were introduced in 2019

Alongside the rollout of newer and recently updated ad products on Amazon (Sponsored Brands and Sponsored Display), usage has begun to shift away from Sponsored Products ads in recent years. Sponsored Display ads were introduced in November 2019 and continue to gain popularity. Meanwhile, the build out of new features and changes to Sponsored Brands ads have factored into increased adoption. Once available only to 1P sellers, these new Sponsored Brands features — which include increased opportunities for placements — were made available to brand-registered 3P sellers in late 2017. Historically, Sponsored Brands ads only appeared at the top of search results and now can appear above, next to, or within search results, increasing advertisers' probability for higher RoAS.

## Spend by Ad Targeting Type



There are two targeting strategies for Sponsored Products: manual and automatic targeting:

- **Manual targeting** requires end users to handpick keywords to bid on and the products they'd like to advertise. Amazon will show ads only if the shopper's search query matches any of the keywords in the campaign.
- **Automatic targeting** requires advertisers to select the products they want to advertise and set a budget for their campaigns. This form of targeting requires an ASIN, a date range, and a CPC bid. Amazon will then use the ASIN's metadata to find relevant keyword inventory.

Within automatic targeting, there are four different match types:

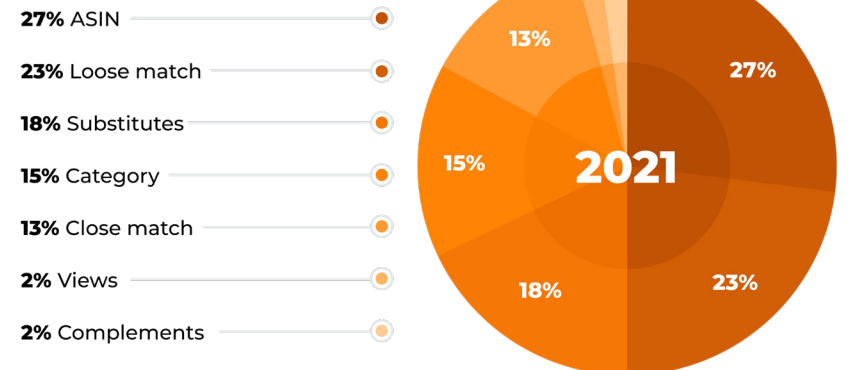
- **Close match** products are shown to shoppers who use search terms closely related to an advertiser's products.
- **Loose match** terms show an advertiser's products when shoppers use search terms loosely related to those products.
- **Substitutes** are targeted to shoppers considering products that are substitutes for an advertiser's items and are often the same type of product sold by a different brand (e.g., Reebok tennis shoes instead of Nike).
- **Complements** are targeted to shoppers who view the detail pages of products that complement an advertiser's products (e.g., a baseball glove to go with a baseball).

Additionally, an advertiser can improve the relevance of their ads by targeting single products or categories:

- **Category ad** targeting allows advertisers to target entire categories within Amazon's verticals, like Pets, Clothing, Shoes, Jewelry & Watches or Home, Garden & Tools.
- **ASIN** ad targeting allows advertisers to target specific products (note: an ASIN is a 10-character standard product identification number assigned by Amazon.)
- **Audience targeting** allows advertisers to target custom audiences, such as people who viewed product detail pages matching criteria they choose, or people who have certain interests. Audiences are available in the Sponsored Display ad type, and not all audiences are available to all advertisers.

Advertisers spent the most on ASIN ad targeting in 2021, representing a change from 2020, when most advertising spending went to loose match targeting. Loose match targeting tends to have a lower clickthrough rate (CTR) and conversion rate compared to close match. It also has the lowest cost per click (CPC) of all targeting types, making it easy to spend more on even though it might not be the best ROI.

### Targeting/match type by % of total ad spend



\*2022 data represents January and February

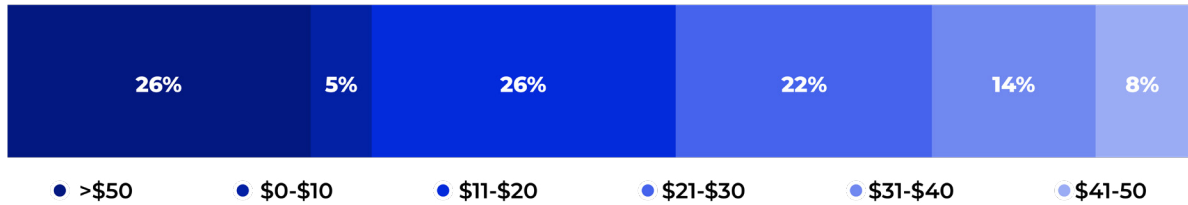
# Spend by Product Price

An analysis of Amazon advertising spend for more than 25,000 products in Jungle Scout's ecommerce database shows the largest share of 2021 ad dollars (46%) went toward products priced between \$11 and \$30. Within that range, spending was split evenly between products priced between \$11 and \$20 (23%) and products priced between \$21 and \$30 (23%). The next largest share went toward products \$50 and higher.

The competitiveness within this range demonstrates how critical it is to differentiate products using listing optimization and advertising best practices.

## Product price range by % of total ad spend

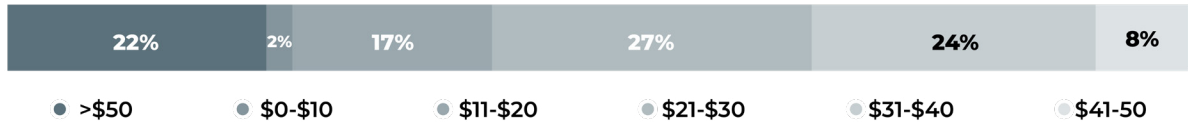
2020



2021



2022 preview\*



### INSIGHTS

Early 2022 data shows a notable uptick in advertising spending attributable to products priced in the \$21 to \$30 and \$30 to \$40 ranges, respectively, while the overall share of ad spending on products \$50 and up has declined.

2022 data represents January and February

To learn more about how to make the most of your product listing, check out Jungle Scout's resources on effectively setting up and launching Amazon ad campaigns. Tailored solutions are available for [3P sellers](#) and brands and [agencies](#).

## Chapter 3

# Return on Ad Spend (RoAS)

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Setting itself apart from broader search and social media advertising platforms, Amazon's ability to measure exactly how many sales were generated from advertising dollars provides advertisers with greater confidence that their investments are making an impact and driving returns. This chapter provides an overview of those returns — referred to as return on ad spend, or RoAS — based on Jungle Scout ecommerce data and broken down by targeting type, product, and bidding strategy.

## Effective Advertising on Amazon: Measuring RoAS



### What is RoAS?

This metric measures the effectiveness of digital ad campaigns by showing how many dollars of revenue resulted from a single dollar spent on an ad campaign.

RoAS, which was previously available in Amazon's downloadable reports, is now viewable in the campaign manager in the advertising console. It represents the inverse of advertising cost of sales, or ACoS, which is calculated by dividing the total cost of an ad campaign by its total attributed sales.

$$\text{ACoS} = \frac{\text{Total ad spend}}{\text{Total ad attributed sales}}$$

The RoAS calculation, inversely, is **total attributed sales** divided by the **total cost of the ad campaign(s)**.

$$\text{RoAs} = \frac{\text{Total attributed sales}}{\text{Total ad spend}} \quad \text{RoAs} = \frac{1}{\text{ACoS}}$$




This metric allows brands and sellers to evaluate which advertising strategies are performing best and where to make adjustments.

Advertisers often use different RoAS targets for different types of products. Generally, having a high RoAS is better for profitability, while a lower RoAS may help increase visibility.

## RoAS by Ad Product

As the share of advertising spending on Sponsored Products shifted in recent years along with increased spending on newer Amazon ad products and/or products that now have new features, changes in average RoAS across these products are apparent when comparing 2021 to 2020. RoAS for Sponsored Brands and Sponsored Products declined year-over-year, by 41% and 18%, respectively. Sponsored Display ads, conversely, rose to \$1.86 in 2021 from \$1.11 in 2020, marking a 68% increase.

### Average 14-day RoAS by Amazon ad product

Ad Product	2020	2021	% change
 Sponsored Brands	\$7.22	\$4.28	-41%
 Sponsored Products	\$5.06	\$4.17	-17%
 Sponsored Display	\$1.11	\$1.86	68%

## RoAS by Ad Targeting Type

Returns trended lower across almost all Amazon ad targeting types in 2021, with the one exception being Complements RoAS. Average 14-day RoAS for Complements rose to \$1.87 from \$1.67 year-over-year, an increase of 12%.

Close match ad targeting continues to show the largest RoAS overall. Generally, as a reminder, loose match ad targeting types tend to have a lower CPC compared to close match.

These results reflect each ad targeting type's ability to convert a sale, likely due to factors such as customer intent to purchase and relevance of the ad. Close and loose match advertising will present products that are most similar to what the consumer is already searching for on Amazon. The more relevant the ad is to a customer, and the more intent the customer has, the more likely a sale will occur. Broader match types like ASIN, substitutes, category, views, and complements may result in irrelevant impressions and clicks, thereby yielding a lower RoAS.

**Average 14-day RoAS by ad targeting type**

Ad Product	2020	2021	% change
Close match	\$6.61	<b>\$5.63</b>	<b>-15%</b>
Loose match	\$5.53	<b>\$3.87</b>	<b>-30%</b>
ASIN	\$3.79	<b>\$2.96</b>	<b>-22%</b>
Substitutes	\$3.55	<b>\$2.70</b>	<b>-24%</b>
Category	\$2.76	<b>\$2.65</b>	<b>-4%</b>
Complements	\$1.67	<b>\$1.87</b>	<b>12%</b>
Views	\$2.74	<b>\$1.39</b>	<b>-49%</b>

## RoAS by Product Price

Across all product price ranges, RoAS declined from 2020 to 2021. The most significant change occurred in products priced under \$10; the average 14-day RoAS for those products slipped to \$1.54 from \$2.41 year-over-year, a decrease of about 36%.

Generally, RoAS correlates closely with product price, increasing from the lower to higher ranges. In 2021, products in the \$41 to \$50 range had the highest average 14-day RoAS (\$5) and products priced at more than \$50 were close behind (\$4.92).

**Average 14-day RoAS by Amazon product price range**

Product price range	2020	2021	% change
\$0-\$10	\$2.41	<b>\$1.54</b>	<b>-36%</b>
\$11-\$20	\$2.24	<b>\$1.97</b>	<b>-12%</b>
\$21-\$30	\$2.90	<b>\$2.39</b>	<b>-18%</b>
\$31-\$40	\$3.65	<b>\$2.93</b>	<b>-20%</b>
\$41-\$50	\$6.40	<b>\$5.00</b>	<b>-22%</b>
>\$50	\$6.89	<b>\$4.92</b>	<b>-29%</b>



# RoAS by Bidding Strategy

Amazon offers various bidding strategies to allow more options for controlling ad strategies and improving campaign performance. Advertisers who would like to manage their own bids can choose the “fixed bids” option, while advertisers focused on maximizing bid efficiency can choose from automated bidding strategies that adjust bids in real-time based on the likelihood of conversion.

Common bidding strategies for Amazon include:

- **Dynamic bids (down only)** have the highest associated ad spend and attributed sales. However, when it comes to RoAS, a manual/fixed bidding strategy performed the best.
- **Dynamic bids (up and down)** are when Amazon will raise bids (by a maximum of 100%) in real time when an ad may be more likely to convert a sale, and lower bids when they are less likely to convert a sale.
- **Fixed bids** are when Amazon will use the exact bid and any manual adjustments an advertiser sets and won’t change based on the likelihood of a sale.

Dynamic bids tend to have the highest associated ad spend and attributed sales. However, when it comes to RoAS, a manual/fixed bidding strategy performs the best. Similar to our views of RoAS by ad product, targeting type and product price, year-over-year returns by bidding strategy were also lower in 2021 compared to 2020.

## RoAS by bidding strategy

Bidding strategy	2020	2021	% change
Fixed bids	\$7.00	\$4.59	-34%
Dynamic bids (down only)	\$4.51	\$4.10	-9%
Dynamic bids (up and down)	\$5.27	\$3.97	-25%

## Chapter 4

# Category Leaderboard (U.S.)

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Ecommerce brands and sellers are often playing on widely different fields with their budgets and strategies, depending on the type of product they're looking to advertise.

## Investing Wisely: How Spend & RoAS Vary by Product Category

Total advertising spending and returns on those dollars can vary greatly among product categories, largely driven by competition or congestion in any particular market. Examples of this can be seen in our analysis of advertising data by product category, which shows average returns of Health & Household advertising dollars trending significantly lower than those seen in categories with fewer advertisers and lower total advertising spending.

Conversely, product categories where sellers experience higher returns on ad spending are typically less crowded, although there are exceptions. Additionally, categories that fell in the middle range for total advertising spend — such as Home & Kitchen, where the second-most advertising dollars were spent in 2021 — generally also averaged returns toward the middle when compared to other product categories.

### Top 10 most competitive product categories\*

1. Health & Household 
2. Home & Kitchen 
3. Clothing, Shoes & Jewelry 
4. Kitchen & Dining 
5. Beauty & Personal Care 
6. Pet Supplies 
7. Office Products 
8. Grocery & Gourmet Food 
9. Tools & Home Improvement 
10. Sports & Outdoors 

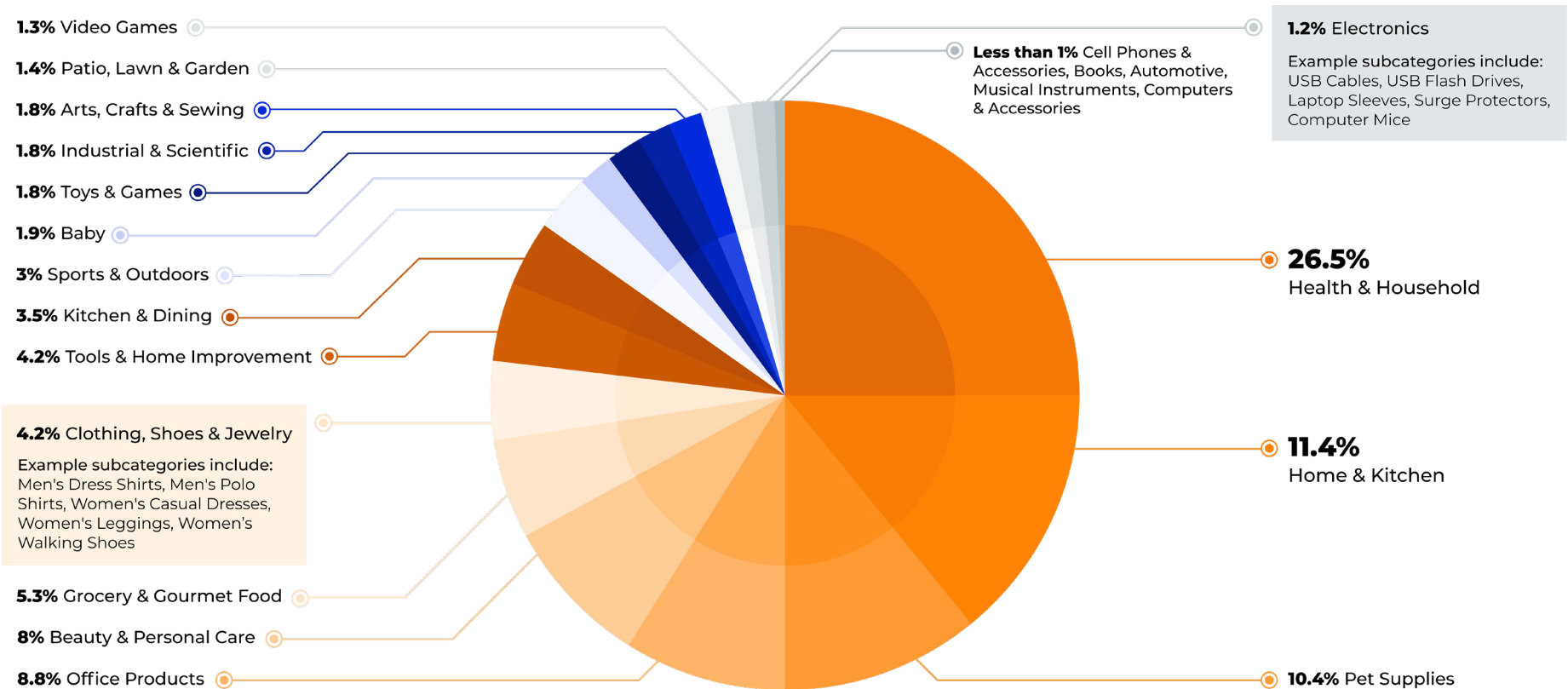
\*Ranked by 2021 total number of distinct advertising campaigns

# Amazon Advertising Spend by Product Category

Total advertising spend in the Health & Household category overtook all others in 2021, highlighting the significant variations in spending by category ([and popular Amazon product categories](#) in general). In fact, Health & Household ad spend was more than double that of the category with the second-highest, Home & Kitchen.

Categories with the lowest ad spend included Cell Phones & Accessories, Books, Automotive, Musical Instruments, Computers & Accessories.

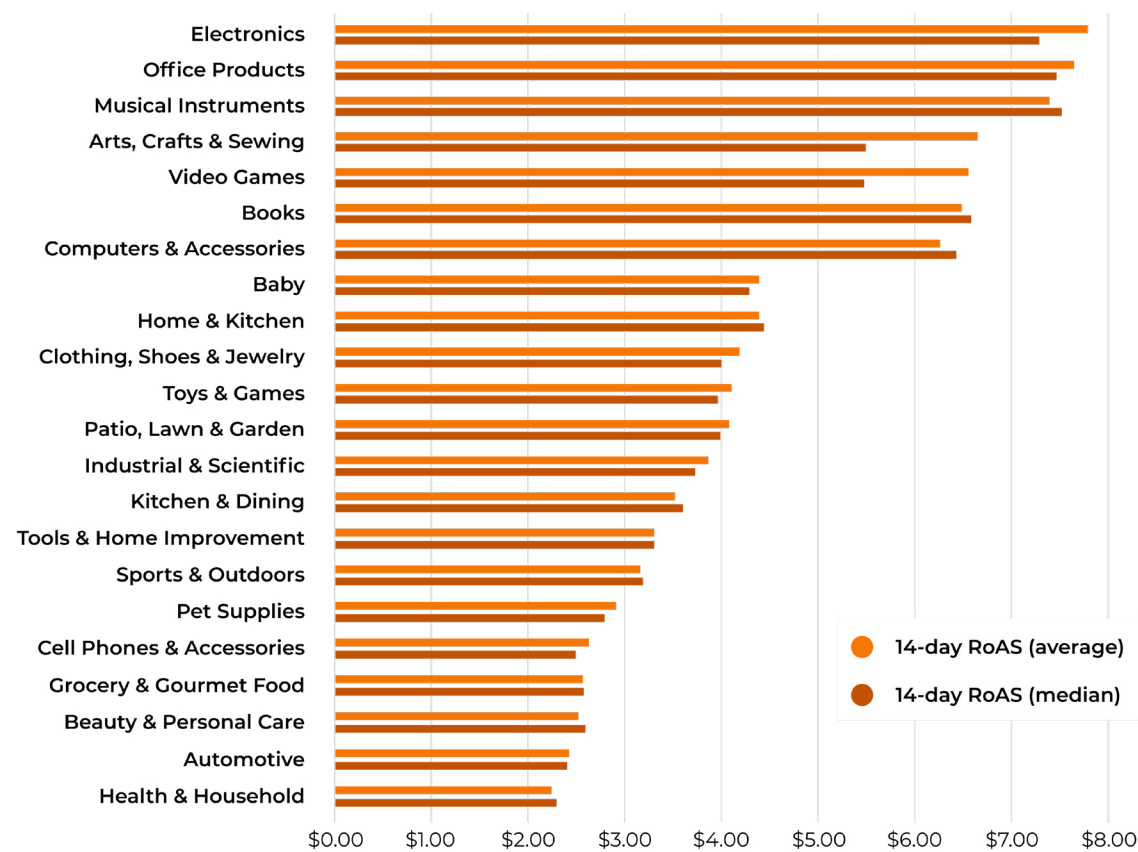
## Product category share of advertising spend



# RoAS by Product Category

Similar to total advertising spend, a look at average RoAS reveals wide variations among product categories. However, categories at the top and bottom of this list are notably different, with Health & Household advertising dollars yielding the lowest average returns (\$2.25). Categories with the highest returns on ad spend include Electronics (\$7.80), Office Products (\$7.66), and Musical Instruments (\$7.40).

Product categories ranked by full-year 2021 average RoAS



“RoAS is oftentimes a function of competition or auction density and average selling price. This data illustrates that concept where lower competition categories that generally have higher ASP products, such as electronics, typically result in higher RoAS.”

— Connor Folley, General Manager and Co-founder, Downstream by Jungle Scout

## Chapter 5

# Challenges, Strategies & Predictions

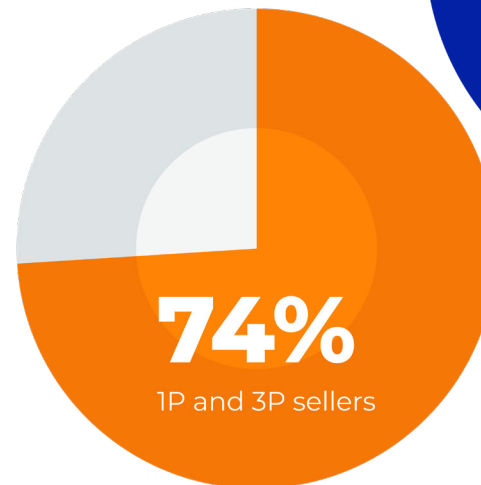
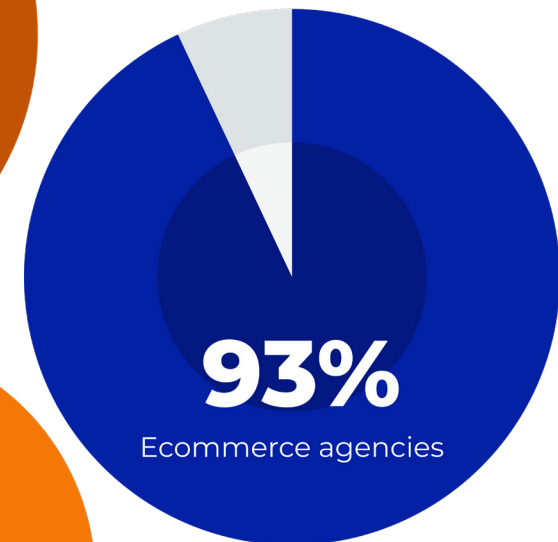
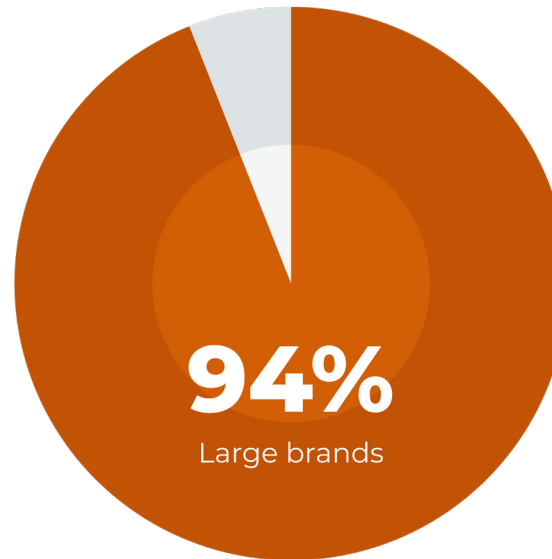
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As supply chain issues, pandemic fear, and rising costs impact brands and consumers alike, advertising competition is increasing on Amazon — and both the marketplace and its sellers are finding strategic ways to respond.

## Advertising, the Supply Chain & Omnichannel Ecommerce

In the past year, the amount of Amazon sellers who say importing products is a challenge has **risen by 34%** and **supply chain issues** are now impacting a majority of Amazon businesses of all sizes.

### Amazon Businesses Impacted by Supply Chain Issues in 2021





### How Amazon Sellers Are Responding to Supply Chain Challenges

- Reducing PPC bids to slow down sales
- Launching new products
- Pivoting to FBM
- Discontinuing products
- Renting more inventory storage space
- Launching products on a different ecommerce platform

As many as **93% of ecommerce sellers** have lost revenue due to supply chain issues, pushing many to reconsider their advertising strategies and look at expanding to additional platforms. Amazon has already adjusted and introduced policies in direct response to supply chain challenges, and other recent updates suggest the platform has a keen eye on the growing competition from other ecommerce channels.



### How Amazon Is Responding to Supply Chain Challenges

- 5% fuel and inflation surcharge: With the cost of goods and fuel on the rise, Amazon recently added a 5% fuel and inflation surcharge to all U.S. **FBA fulfillment fees**.
- FBA storage updates: In 2021, Amazon removed ASIN-level quantity limits for **FBA sellers** and replaced them with inventory limits based on **storage type**, making it easier for many sellers to launch new products. This year, Amazon announced a new extra-large storage type to give sellers “more flexibility in managing inventory and quantity limits for larger items.”



### How Amazon Is Responding to Growing Omnichannel Competition

- Expanded fulfillment discounts: Effective April 28, 2022, more products are eligible for Amazon's **FBA Small and Light program**, which offers sellers fulfillment discounts.
- **New seller incentives:** Amazon has introduced New Seller Incentives, a suite of benefits encouraging businesses to join the marketplace:
  - 5% bonus on up to \$1 million in sales for those who enroll in **Amazon Brand Registry**
  - Credits for **Amazon Vine**, Sponsored Products ads, and Amazon Coupons
  - Enrollment in **FBA New Selection**, which provides free monthly storage, liquidations, and returns processing for new FBA products
  - Up to \$200 in credits for shipping FBA products to Amazon fulfillment centers
- Prime delivery for outside retailers: Amazon has announced that it will open its Prime delivery service to other online merchants. Since **shipping price is often more influential than product price** for online shoppers, this service could help FBA sellers drive conversions on their own websites. Plus, as **nearly half of Amazon sellers** look to sell on other ecommerce platforms or launch their own stores in 2022, this new offering makes Amazon well-positioned to compete with platforms like Shopify.



## Concern over Rising PPC Costs

As competition for visibility on Amazon has grown, PPC costs have followed. **Nearly half of Amazon sellers** say managing their advertising strategy and budget is a challenge, and 59% are concerned about rising ad costs on the channel.

“

*We believe that the cost of advertising on Amazon is 100% becoming more and more competitive. Historically we have seen average CPC levels increase year-over-year as more and more brands catch on to the importance of utilizing advertising on the Amazon platform.*

— Chandler Walnsch, Senior Search Advertising Strategist for Code3

“

*The cost of Amazon advertising is going up as the marketplace grows. This year we continue to watch CPCs go up, and I think that will continue.*

— Sean Kinney, Lead Advertising Strategist for Fulton Imports

# How Agencies Support Advertising Strategies

As **95%** of Amazon sellers plan to expand their ecommerce businesses throughout 2022, agencies may play a bigger role in the success of brands by providing support for an expanding number of channels and advertising products.

**Over one-third** of Amazon agencies offer full-service management that includes account setup, keyword and product research, campaign management, data analytics, and more to help sellers optimize their advertising.

## INSIGHTS



**16%**

of Amazon sellers currently work with an agency to manage their business

## Top Business Tasks Supported by Amazon Agencies



# Predictions for the Future of Amazon Advertising

## Challenges

While the strength of Amazon's advertising business is clear, the road ahead is not without obstacles.



**Continued competition from FBA aggregators:** When the onset of the pandemic sparked a surge in online shopping in 2020, it also sparked the rise of a trend that is driving even more competition for sellers on Amazon: FBA Aggregators. These are companies that acquire existing FBA businesses with the goal of optimizing their performance and generating a profit for investors. Although some of the online shopping surge that sparked this influx was due to the pandemic, these aggregators are sticking around. Because they're backed by immense funding from venture capital firms and private investors, aggregators have ample resources for heavy advertising investments that may inflate ad costs on the platform, making it more difficult for independent sellers to gain visibility and capture market share.



**Finite PPC advertising inventory:** Sponsored Products ads are currently the most popular marketing investment for Amazon sellers, but rising competition is now driving growth in popularity for other PPC ad types, particularly Sponsored Brands ads that enable sellers to use video to grab shoppers' attention. With a finite inventory of available PPC ad space on its website and mobile app, Amazon will need to continue testing and exploring other offerings in order to create a viable advertising environment for sellers of all sizes.

## New Ad Products

With PPC costs and competition growing, more sellers are beginning to leverage DSP, or demand-side platform advertising, as Amazon makes improvements to measurement and attribution for display ads, as well as investing in other advertising programs that help sellers leverage video on and off the platform.



**Amazon Live** allows sellers to create shoppable livestreams directly on Amazon. While the program has been around in some form since 2016, it has recently seen an increase in both investment from Amazon and interest from advertisers. Expect to see these investments continue in the coming year.

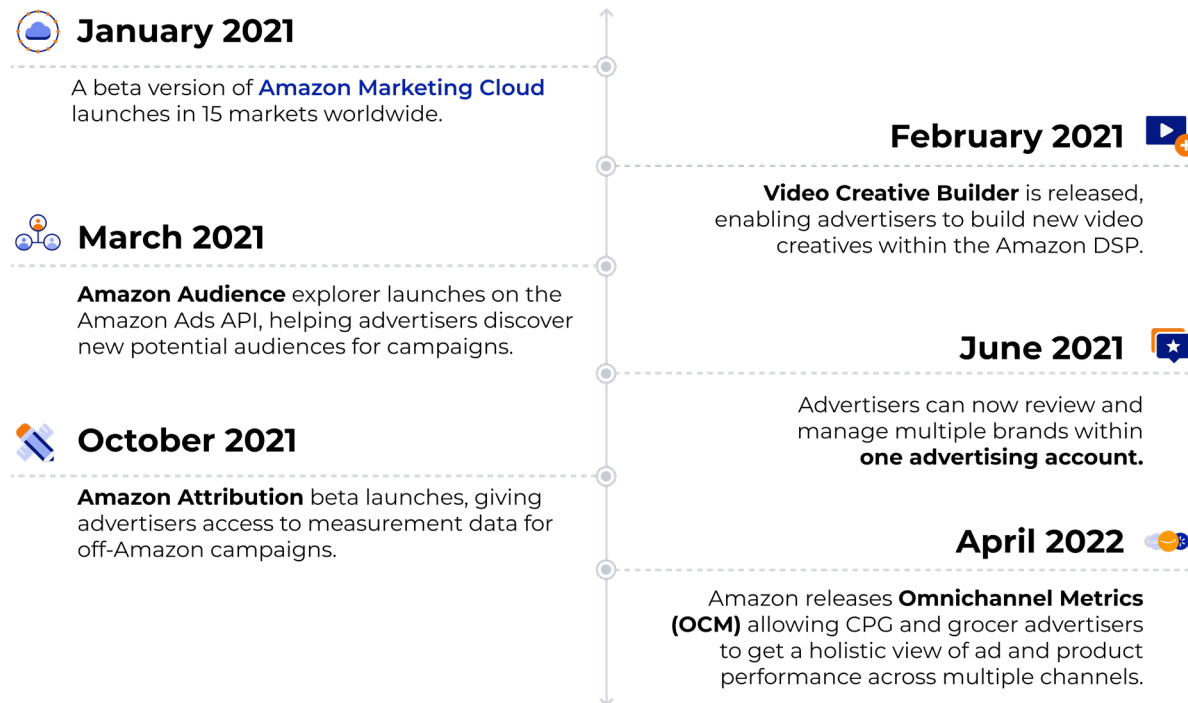


**Over The Top (OTT) advertising** is currently in beta testing and gives brands the ability to run non-skippable, highly-targeted video ads across streaming services in Amazon's DSP network, such as IMDb TV, Twitch, and FireTV. With the popularity of streaming and advertisers' growing interest in exploring Amazon's non-PPC options, more brands will likely be testing OTT strategies throughout 2022 and beyond.

## Changes to the Amazon Ads Console & API

Amazon has made a number of updates to its Ads Console and [API](#) in the past year, many of which address limitations with bidding and non-PPC options as competition for Amazon ad space grows. Some of these updates may be a double-edged sword for independent sellers, simultaneously making it easier for agencies to support them and for aggregators to compete with them by enabling easier management of multiple brands.

### A Snapshot of Recent Amazon Ads Console & API Updates



*“Although Amazon has a massive volume of search traffic, its advertising inventory is finite, making it increasingly difficult for advertisers to compete for the limited ad space available. That’s why the marketplace has taken steps to open up second-price inventory and additional ad types, like expanding options both on and off-platform with **Amazon DSP**. Expect to see Amazon continue to innovate and experiment with ways to create new ad inventory.”*

— **Connor Folley, General Manager and Co-founder, Downstream by Jungle Scout**

Other updates have included improved audience data and targeting recommendations for certain campaign types, bulk campaign creation and editing capabilities for sponsored ads campaigns, and expansion of display advertising and remarketing options.

## Chapter 6

# About the Report

## Methodology

Findings in this report are based on Jungle Scout's ecommerce data collected over a three-year timeframe spanning January 2019 through December 2021, in addition to select early 2022 data, across 14 global marketplaces. It includes 5,000+ distinct brands and 950,000+ unique Amazon advertising campaigns across all key ad media, and primarily represents large ecommerce enterprises.

It features data and insights from [Downstream](#), the leading Amazon advertising and analytics software.

## Using the data

We encourage you to explore Jungle Scout's **2022 Amazon Advertising Report**, and to share, reference, and publish the findings with attribution to "Jungle Scout" and a link to [this page](#).

For more information, specific data requests, media assets, or to reach the report's authors, please contact us at [press@junglescout.com](mailto:press@junglescout.com).

## About Jungle Scout

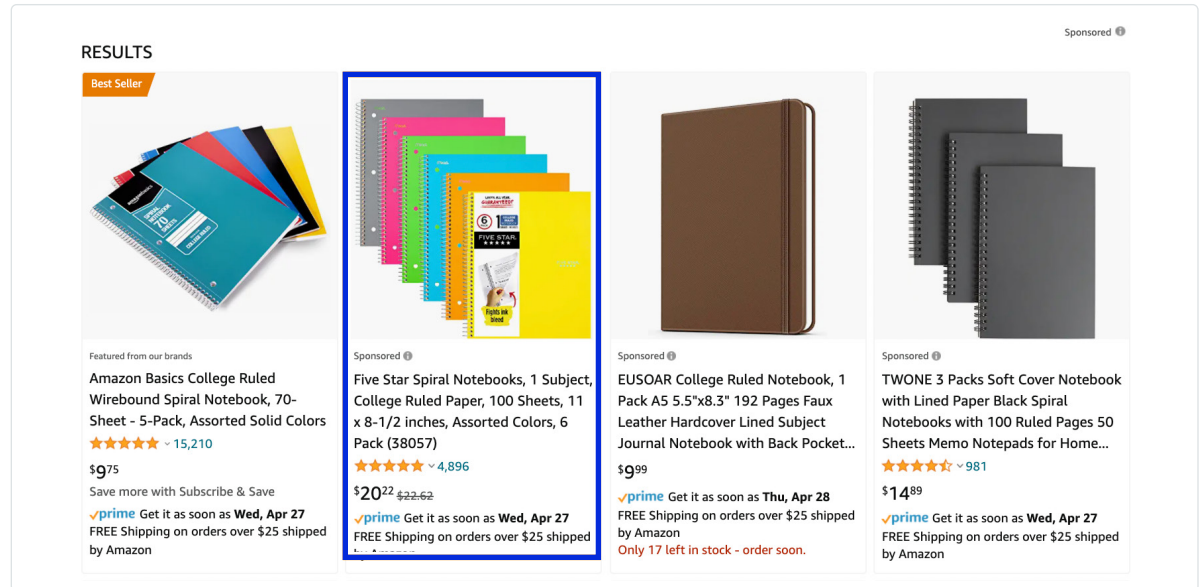
**Jungle Scout** is the leading all-in-one platform for ecommerce sellers, supporting more than \$40 billion in annual Amazon revenue. Founded in 2015 as the first Amazon product research tool, Jungle Scout today features a full suite of best-in-class business management solutions and powerful market intelligence resources to help entrepreneurs and brands manage their ecommerce businesses. Jungle Scout is headquartered in Austin, Texas and supports 10 global Amazon marketplaces.

# Digital Advertising Glossary

What follows is a brief glossary containing explanations for some of the most common digital advertising terms.

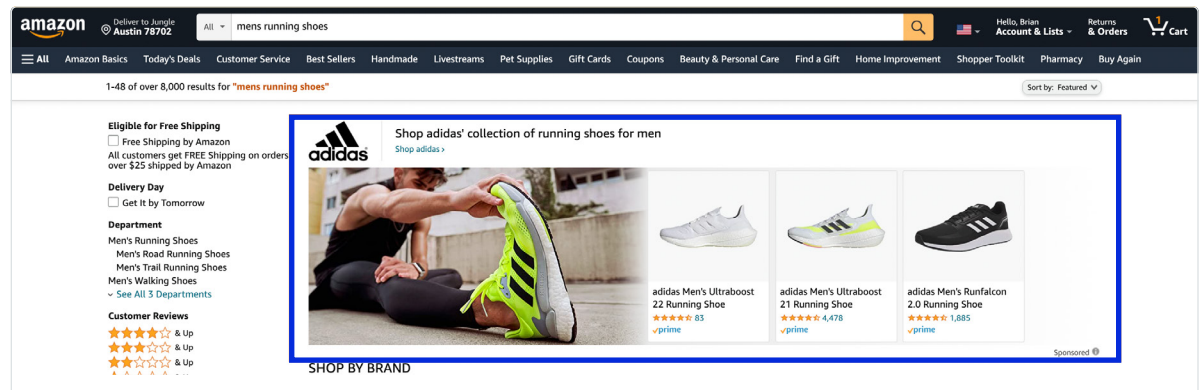
1. **Sponsored Products** are keyword- or product-targeted ads that promote individual listings and appear in shopping results and on product detail pages on Amazon.

Sponsored Product ads help brands get their products in front of consumers who are actively deciding which product(s) to purchase. By bidding competitively, brands will have a better chance of having their product(s) listed near the top/front of the page. Since many consumers do not click past the first page of search results, it's vital to appear on the first page as often as possible.



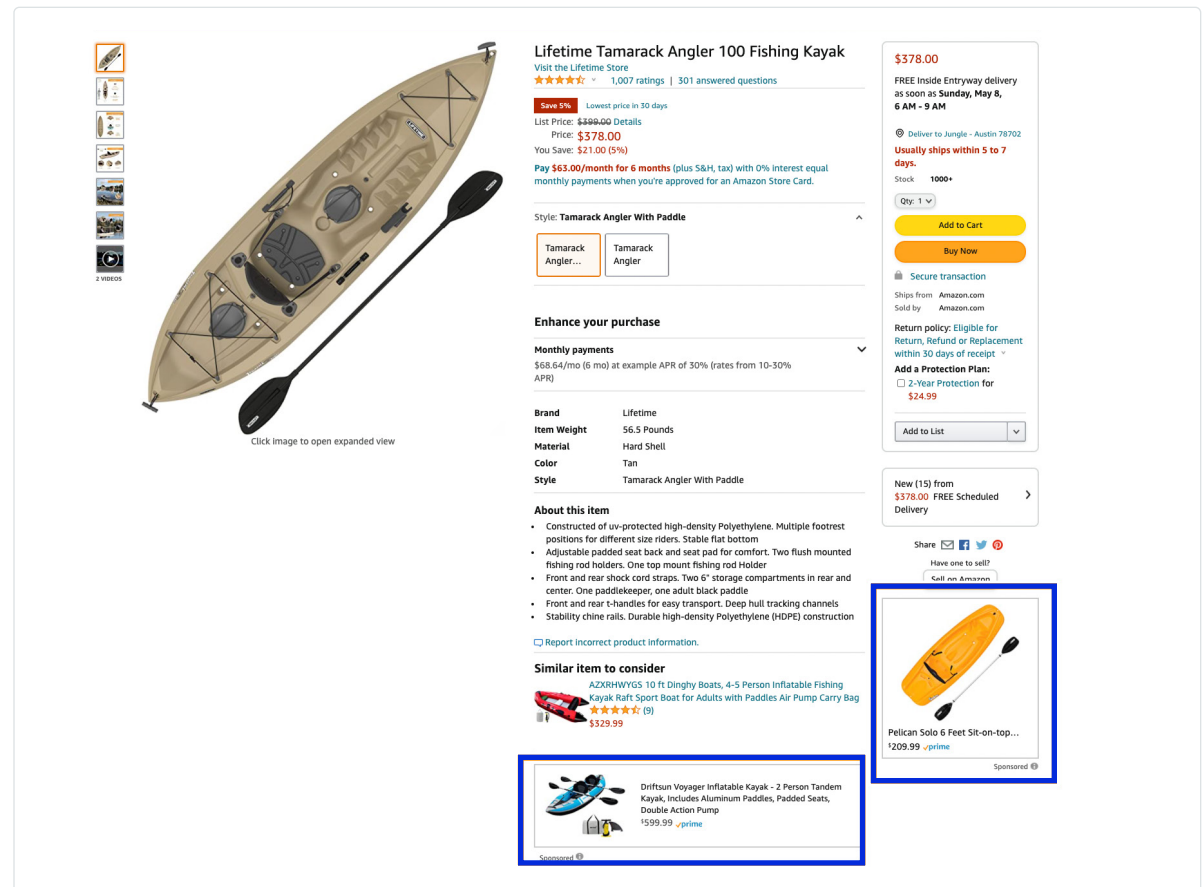
2. **Sponsored Brands** are ads that are displayed in the search result pages as headline banner ads always above the result listing.

Sponsored Brands ads help reinforce a brand, grow sales, target competitive brands, defend branded keywords, and encourage shoppers to add more items to their cart. They can also bring new customers into a brand's shopping funnel by stepping slightly outside your particular category and showing consumers a brand's messaging while they are in the shopping and purchasing mindset.



3. **Sponsored Display** allows brands to reach customers via auto-generated ad placements. Sponsored Display ads use relevant audiences, customizable creatives, and actionable insights to deliver a message to the right customers.

Sponsored Display ads encourage consumers to look at relevant adjacent products directed at consumers already looking at a product within a brand or a competitor's brand portfolio. Unlike the other ad options, coupons can also be promoted through Sponsored Display ads, and can function as one last push to close the sale.



**Lifetime Tamarack Angler 100 Fishing Kayak**  
Visit the Lifetime Store  
★★★★★ 1,007 ratings | 301 answered questions

**Save 5%** Lowest price in 30 days  
List Price: \$399.00 Details  
Price: **\$378.00**  
You Save: \$21.00 (5%)  
**Pay \$63.00/month for 6 months** (plus \$8.41 tax) with 0% interest equal monthly payments when you're approved for an Amazon Store Card.

Style: **Tamarack Angler With Paddle**

**Enhance your purchase**

**Monthly payments**  
\$68.64/mo (6 mo) at example APR of 30% (rates from 10-30% APR)

Brand	Lifetime
Item Weight	56.5 Pounds
Material	Hard Shell
Color	Tan
Style	Tamarack Angler With Paddle

**About this item**

- Constructed of uv-protected high-density Polyethylene. Multiple footrest positions for different size riders. Stable flat bottom
- Adjustable padded seat back and seat pad for comfort. Two flush mounted fishing rod holders. One top mount fishing rod Holder
- Front and rear shock cord straps. Two 6" storage compartments in rear and center. One paddlekeeper, one adult black paddle
- Front and rear t-handles for easy transport. Deep hull tracking channels
- Stability chine rails. Durable high-density Polyethylene (HDPE) construction

[Report incorrect product information.](#)

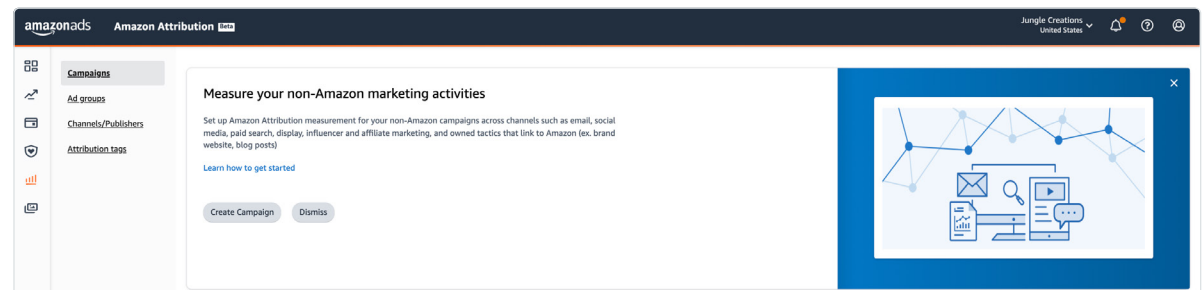
**Similar item to consider**

AZXRHWYGS 10 ft Dinghy Boats, 4-5 Person Inflatable Fishing Kayak Raft Sport Boat for Adults with Paddles Air Pump Carry Bag  
★★★★★ (8)  
\$329.99

**Driftsun Voyager Inflatable Kayak - 2 Person Tandem Kayak, Includes Aluminum Paddles, Padded Seats, Double Action Pump**  
\$599.99 [prime](#)

**Pelican Solo 6 Feet Sit-on-top...**  
\$209.99 [prime](#)

4. **Amazon Attribution** is an advertising and analytics measurement solution that gives marketers insight into how their non-Amazon marketing channels across search, social, video, display, and email impact Amazon shopping activity and sales performance.



**amazonads** Amazon Attribution

**Campaigns**  
Ad groups  
Channels/Publishers  
Attribution tags

**Measure your non-Amazon marketing activities**

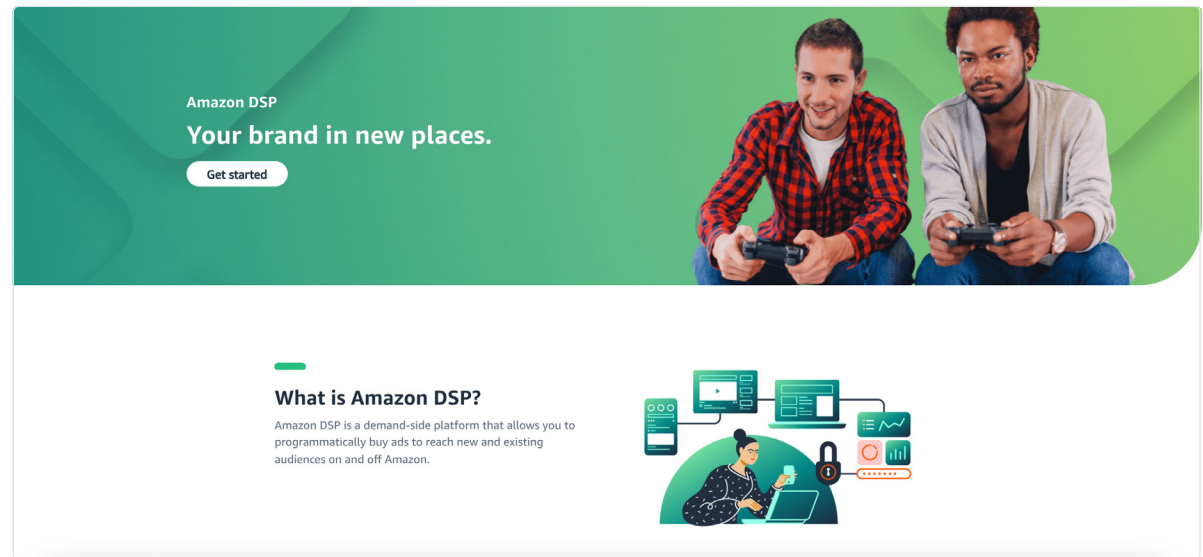
Set up Amazon Attribution measurement for your non-Amazon campaigns across channels such as email, social media, paid search, display, influencer and affiliate marketing, and owned tactics that link to Amazon (ex. brand website, blog posts)

[Learn how to get started](#)

[Create Campaign](#) [Dismiss](#)



5. [Amazon DSP](#) or demand-side platform, enables advertisers to programmatically buy display, video, and audio ads both on and off Amazon.



Amazon DSP

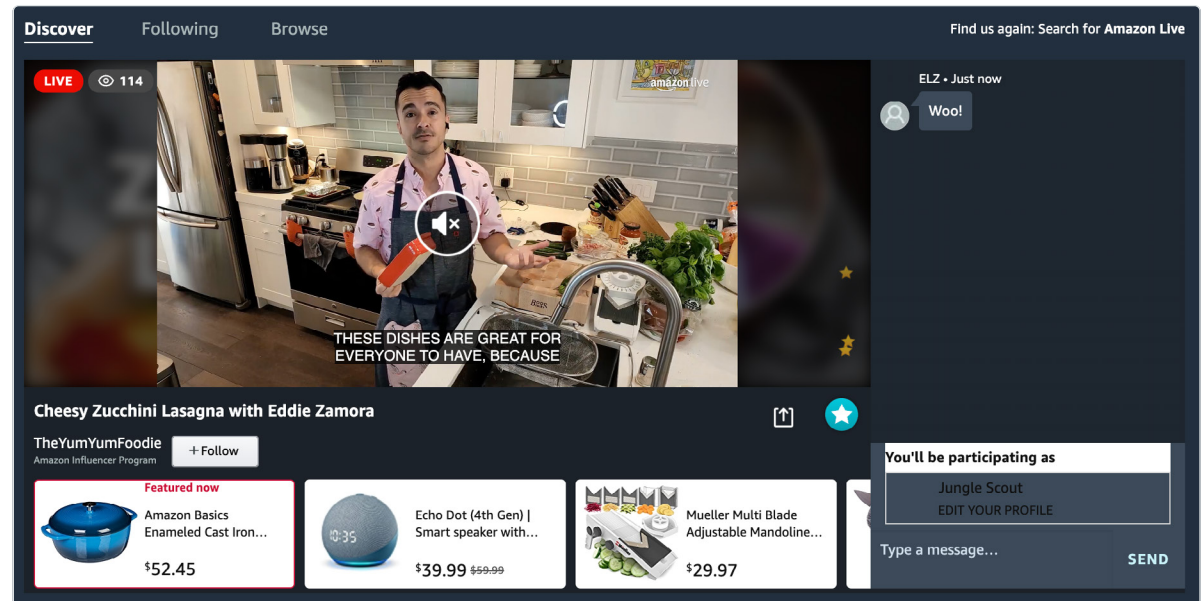
Your brand in new places.

Get started

**What is Amazon DSP?**

Amazon DSP is a demand-side platform that allows you to programmatically buy ads to reach new and existing audiences on and off Amazon.

6. [Amazon Live](#) is a live streaming service that allows sellers to “promote discovery” of their products by hosting their own live streams for customers on Amazon.



Discover Following Browse Find us again: Search for Amazon Live

**LIVE** 114




amazon live

THESE DISHES ARE GREAT FOR EVERYONE TO HAVE, BECAUSE

**Cheesy Zucchini Lasagna with Eddie Zamora**

TheYumYumFoodie Amazon Influencer Program + Follow

**Featured now**

	Amazon Basics Enameled Cast Iron... \$52.45		Echo Dot (4th Gen)   Smart speaker with... \$39.99 \$59.99		Mueller Multi Blade Adjustable Mandoline... \$29.97
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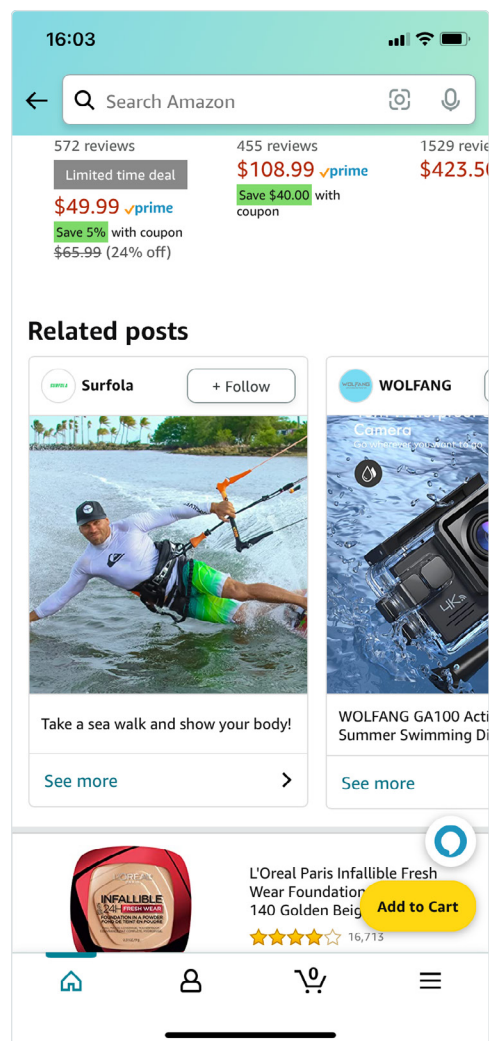
**You'll be participating as**

Jungle Scout  
EDIT YOUR PROFILE


Type a message... SEND



7. **Audio Ads** are ads on Amazon Music's Free service that run across desktop, mobile, tablet, connected TVs, and smart speakers (e.g., Echo devices).
8. **Posts** help drive brand and product discovery in a shoppable feed on Amazon.
9. **Store or Storefronts** are where vendors and sellers enrolled in Amazon Brand Registry can exclusively showcase a curated collection of products and elevate their brand.



10. **Video Ads** or Amazon over-the-top (OTT) video ads (ads served via the internet rather than cable/satellite) allow a brand to showcase itself alongside premium, brand-safe streaming content, including the latest movies and TV shows.



The image shows a video ad for the Arctic Zone Titan Deep Freeze Cooler. On the left, the cooler is open, revealing an orange interior with a 'HARDBODY® LINER WITH SMARTSHELF™'. Text on the left side of the cooler reads: 'HARDBODY® LINER WITH SMARTSHELF™' and 'KEEPS FOOD DRY AND SEPARATE FROM DRINKS AND ICE'. On the right, the cooler is closed, showing its olive green and black exterior with the 'TITAN' logo. To the right of the cooler, the product title is 'Arctic Zone Titan Deep Freeze Zipperless Hardbody Coolers - Sizes: 9, 16, 30 and 48 Can ~...'. Below the title is a star rating of 4.5 stars and a count of 33,306 reviews. The price is listed as '\$42.99'. Below the price, it says 'Get it as soon as Wed, Apr 27' and 'FREE Shipping by Amazon'. At the bottom, there is a link: 'Shop the Arctic Zone Store on Amazon >'. A small 'Sponsored' label is at the top left of the product information area.

Sponsored ⓘ

Arctic Zone Titan Deep Freeze Zipperless Hardbody Coolers - Sizes: 9, 16, 30 and 48 Can ~...

★★★★☆ ~ 33,306

\$42.99

Get it as soon as **Wed, Apr 27**  
FREE Shipping by Amazon

[Shop the Arctic Zone Store on Amazon >](#)

Read more about the different types of advertising available on Amazon [here](#).

## About Downstream

**Downstream by Jungle Scout** is the leading automated advertising and analytics solution that helps large brands and enterprises measure, manage, and optimize their ecommerce advertising campaigns. Downstream's machine learning algorithms provide unparalleled advertising analytics and automation, helping brands amplify their PPC performance, make best use of their advertising budgets, and win on Amazon.



Supports \$40 billion in Amazon revenue



Serves more than 600,000 customers worldwide



Raised \$110 million in growth equity in 2021



Monitors over 1.8 billion data points daily



Supports up to 17 global marketplaces

### Industry Leaders



Top E-Commerce  
Apps and Software

## Recognized as the most trusted platform for selling on Amazon and Walmart

*"Downstream's technology has allowed us to drive substantial increases in our Amazon ad attributed sales while simultaneously increasing the return on every ad dollar we invest."*

— Nicole Zacarelli, E-Commerce Manager at BIC Consumer Products



Learn more about how Downstream by Jungle Scout can provide your ecommerce business with Amazon and Walmart Advertising analytics and campaign management.

Speak with an expert today!

[Request a Demo](#)